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November 16, 2000

AZ CORP COMMISSION
DOCUMENT CONTROLPDM Energy, L.L.C.Docket No. E-03869A-00-0268

Dear Ms. Andreasen:

This letter responds to your November 7, 2000 letter to PDM Energy, L.L.C. requesting additional information regarding fair value:

- A-B** PDM Energy has not conducted any market analysis to determine even a rough estimate of the electric power service it may sell during its first twelve months of providing service in Arizona. Any projected revenues or expenses would be entirely speculatively. However, if PDM Energy were charging its maximum rate requested in the tariff, it would do so because PDM Energy was able to obtain wholesale power only at a cost that is at or near (or perhaps even above) the maximum tariff rate. PDM Energy's rates will be dictated by the wholesale power rates.
- C** PDM Energy estimates that the value of its assets, which would include office and computer equipment, office supplies and software (but no generation plant or equipment), would be approximately \$500,000. This is a speculative estimate subject to significant changes based on market conditions.

Please contact me if you have any questions.

Sincerely,

Michael W. Patten

Ms. Erinn Andreasen

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November 16, 2000

Ms. Erinn Andreasen
Utilities Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

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